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CROWELL & MORING

1001 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20004-2595

(202) 624-2500

CABLE: CROMOR

FACSIMILE (RAPICOM): 202-628-5116

W. U. I. (INTERNATIONAL) 64344

W. U. (DOMESTIC) 89-2448

ROBERT M. HALPERIN
(202) 624-2543

043:rrm
01215.010

SUITE 1200
2010 MAIN STREET
IRVINE, CALIFORNIA 92714-7217
(714) 263-8400
FACSIMILE (714) 263-8414
180 FLEET STREET
LONDON EC4A 3HD
44-171-413-0011
FACSIMILE 44-171-413-0333

April 12, 1996

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OFFICE OF SECRETARY

BY HAND

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

Re: In the Matter of Federal-State Joint Board on
Universal Service; CC Docket No. 96-45

Dear Mr. Caton:

Transmitted herewith on behalf of the State of Alaska are an original and eleven copies of the "Comments of the State of Alaska" in the above-referenced proceeding.

In the event there are any questions concerning this matter, please communicate with the undersigned.

Very truly yours,


Robert M. Halperin

Enclosures

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

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APR 12 1996

OFFICE OF SECRETARY

In the Matter of)
)
Federal-State Joint Board) CC Docket No. 96-45
on Universal Service)
)

To: The Federal State Joint Board on Universal Service:

COMMENTS OF THE STATE OF ALASKA

THE STATE OF ALASKA
Robert M. Halperin
CROWELL & MORING
1001 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
202/624-2543

Attorneys for the State of Alaska

Of Counsel:

John W. Katz, Esquire
Special Counsel to the Governor
Director, State-Federal Relations
Office of the State of Alaska
Suite 336
444 North Capitol Street, N.W.
Washington, D.C. 20001

Dated: April 12, 1996

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SUMMARY

The promotion of universal telecommunications service for all Americans, including those who live in rural, insular, and high cost areas, is one of the primary purposes behind the Telecommunications Act of 1996. Congress has made the critical policy decision. As it (and the Commission previously) recognized, the public interest requires the broadest possible access to the telecommunications network. The more people who can make use of the telecommunications network, the more valuable that network is to all. The task of the Joint Board and Commission is to adopt rules that implement that clear policy directive.

The Telecommunications Act requires a universal service program that does not lead to increases in telephone service rates. Continuation of the current levels of universal service support is essential if telephone service rates in places like Alaska are to be just, reasonable, and affordable.

The Joint Board and Commission should be cautious about changing existing universal support programs. These programs -- like the universal service fund and dial equipment minute weighting -- need not be abolished and should not be replaced until it is clear that alternative support programs will satisfy Congressional policy objectives, including affordable telephone service rates.

The basket of services that the Commission proposes be supported is insufficient to fulfill Congressional directives. Among other things, universal service should include data transmission and Internet access services that are

essential to assure that rural, insular, and high cost areas are not denied the tools needed to pursue critical economic development activities as we enter the 21st century. These tools are also essential in providing education, public health, and public safety services. Telecommunications knock down the social and economic barriers that great distances erect between Americans living in rural areas and those living in urban areas; those barriers are particularly great in the non-contiguous points. The Joint Board and Commission should define universal service in a manner that reduces -- and does not heighten -- those barriers.

Eligibility standards for universal service programs aimed at low income consumers should be determined by the States.

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.**

In the Matter of)	
)	
Federal-State Joint Board)	CC Docket No. 96-45
on Universal Service)	
)	

To: The Federal State Joint Board on Universal Service:

COMMENTS OF THE STATE OF ALASKA

I. INTRODUCTION

The Commission's Notice of Proposed Rulemaking poses hundreds of questions concerning how the Commission should implement the universal service provisions of the Telecommunications Act of 1996. Indeed, the issues are many and complicated. Although the State of Alaska ("the State" or "Alaska") does not wish to oversimplify the issues facing the Joint Board and Commission, we believe that the critical issue facing the Joint Board and Commission -- and one that should guide their resolution of the many detailed questions that have been posed -- is, "How do we best promote and preserve universal service for all Americans, including those living in rural, insular and high-cost areas?"

Congress has "done the heavy lifting" and made the policy decision to promote and preserve universal telecommunications services throughout America and for all Americans. The Joint Board and the Commission should not lose sight

of that primary policy objective. In these comments, the State highlights how this primary policy objective should guide the Joint Board and Commission with respect to the larger policy issues presented in this proceeding.

**II. THE TELECOMMUNICATIONS ACT REQUIRES
A UNIVERSAL SERVICE PROGRAM THAT
DOES NOT LEAD TO INCREASES IN
TELEPHONE SERVICE RATES**

Congress has, for the first time, explicitly written into the Nation's communications laws the requirement that the Commission take steps to make universal telecommunications services affordable for all Americans. It is no accident that the first principle that Congress set forth with regard to universal service is that "Quality services should be available at just, reasonable, and affordable rates." 47 U.S.C. § 254(b)(1). Congress went on to state that "Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services . . . at rates that are reasonably comparable to rates charged for similar services in urban areas." 47 U.S.C. § 254(b)(3). And affordable rates for all Americans is more than an abstract platitude: Congress mandated this point in section 254(i): "The Commission and the States should ensure that universal service is available at rates that are just, reasonable, and affordable."

The public policy in favor of universal service is stronger today than ever before. As the Commission recently recognized:

For the individual, telephone connectivity provides access to emergency services, to job opportunities and, through computer connections, to a host of educational opportunities. At the same time, increasing subscribership benefits all Americans by improving the safety, health, education and economic well-being of the nation. Thus, we recognize that our universal service policies may now have greater societal consequences than in the past.

Notice of Proposed Rulemaking, Amendment of the Commission's Rules and Policies to Increase Subscribership and Usage of the Public Switched Network, CC Docket No. 95-115, 10 FCC Rcd. 13003, 13004 at ¶ 4 (1995). The importance of affordable telecommunications connectivity is particularly great in states like Alaska in which telecommunications are the essential lifeline connecting remote communities to larger population centers and the Nation as a whole.

Congress has made the policy choice in favor of universal service clearer than ever.^{1/} The Joint Board and Commission must take steps to protect and

^{1/} The primacy of universal service is confirmed in the Senate Report. The first sentence in the section "Need for the Legislation" states, "The need to protect and advance universal service is one of the fundamental concerns of the Committee in approving the Telecommunications Competition and Deregulation Act of 1995." S. Rep. No. 104-23, 104th Cong., 1st sess. at 4 (March 30, 1995).

This primary objective was confirmed by Senator Hollings, the ranking minority member of the Senate Commerce Committee, in the discussion of the Conference Report. "The need to protect and advance universal service is one of the fundamental concerns of the conferees in drafting this conference agreement. Universal service must be guaranteed; the world's best telephone system must continue to grow and develop, and we must attempt to ensure the widest availability of telephone service." 142 Cong. Record S 688 (daily ed. Feb. 1, 1996) (statement of Sen. Hollings). Excerpts from the Senate debate on the Conference Report for the Telecommunications Act on February 1, 1996 that relate to the issues in this proceeding are presented in the Appendix to these comments.

promote at affordable rates universal telecommunications services for all Americans. It would be arbitrary and capricious, stand the intent of Congress on its head, and be contrary to sound public policy for the Joint Board or Commission, acting under a law that intends as a primary purpose to protect and promote universal service, to take steps that would increase rates for universal telecommunications services in rural and high-cost areas.

Rates in these areas must be maintained at current levels for all residents. Congress did not -- and did not intend to -- introduce a means test for universal telecommunications services in rural, insular and high-cost areas of the Nation. As set forth in the Senate Report on S. 652, "any action to reduce or eliminate support mechanisms shall only be done in a manner consistent with the obligation to preserve and advance universal service for all Americans." S. Rep. No. 104-23, *supra*, at 26.^{2/}

^{2/} As Senator Dorgan concisely stated:

"A telephone in the smallest city in North Dakota or the smallest town in North Dakota is as important as a telephone in lower Manhattan in New York because one makes the other more valuable."

142 Cong. Rec. S 690 (daily ed. Feb. 1, 1996) (statement of Sen. Dorgan).

Senator Daschle, the Senate Minority Leader, similarly stated:

"[t]he conference report contains essential rural safeguards in the form of universal service provisions that will benefit our rural communities and greatly increase their ability to persevere in the 21st century. . . . In the long run, universal service at high standards nationwide is in the best interests of the entire economy."

Id. at S 709 (statement of Sen. Daschle).

III. THE NEED FOR UNIVERSAL SERVICE SUPPORT

Current levels of universal service support are essential just to maintain existing levels of telecommunications service in rural, insular and high-cost areas. The Alaska Public Utilities Commission ("APUC") has presented data to the Commission showing that even the most basic of telecommunications services are not universally available in Alaska. About 75 percent of all communities in Alaska have telephone penetration rates below 80 percent, with many locations below 50 percent.^{3/} Telephone penetration rates (and service quality) are hampered by extraordinarily difficult topographic and climatologic conditions, sparse population density, and low incomes.^{4/} Residents in many areas of the State have minimal incomes, with 20 percent of families in some areas living below the poverty line.^{5/}

Although Alaska may be unique and the problems facing universal telephone service more difficult, universal service has not been attained today in other parts of the country as well. Recent data released by the Commission show,

^{3/} Comments of the APUC in CC Docket No. 80-286, dated Oct. 9, 1995 ("APUC Comments"), at 2 and Appendix A.

^{4/} See *Final Recommended Decision*, Integration of Rates and Services, CC Docket No. 83-1376, FCC 93J-2, at ¶ 58 (Joint Board, Oct. 29, 1993); *Tentative Recommendation and Order Inviting Comments*, Integration of Rates and Services, CC Docket No. 83-1376, 8 FCC Rcd 3684, 3686 at ¶ 17 (Joint Board, May 17, 1993); *Supplemental Order Inviting Comments*, Integration of Rates and Services, CC Docket No. 83-1376, 4 FCC Rcd 395, 396 at ¶ 7 (Joint Board, Jan. 3, 1989).

^{5/} APUC Comments at 2 & n.4. For example, 26.2 percent of families in the Bethel Census Area and 21.6 percent of the families in the Dillingham Census Area have incomes below the poverty line. *Id.*

for example, that telephone penetration rates are below 90 percent state-wide in Mississippi and New Mexico.^{6/}

Even these levels of telephone subscribership have been attained in significant part only because of various programs the Commission (often with the participation and advice of Federal State Joint Boards) has adopted over the years to promote universal service. Among those programs are the universal service fund and dial equipment minute ("DEM") separations factors. The support these programs provide is essential to making telephone service available and telephone service rates affordable in most of Alaska and, undoubtedly, in other parts of America.

For example, loss of the DEM separations factor would remove cost support for local telephone rates for the majority of Alaskan local telephone companies of between \$10 and \$55 per line per month.^{7/} The twenty Alaskan local telephone companies which receive universal service funds would lose an average of almost \$16 per line per month in cost support if the universal service fund were eliminated; six would lose more than \$25 per line per month.^{8/}

^{6/} FCC, Common Carrier Bureau, Industry Analysis Division, *Telephone Subscribership Data in the United States* at 17 (Feb. 1996). Undoubtedly, if those are the state-wide levels, subscribership must be much lower than those levels in some areas of each state.

^{7/} APUC Comments, at 3 and Appendix B.

^{8/} APUC Comments, at Appendix B. There are twenty companies listed as receiving universal service fund support. Those twenty companies served (as of Dec. 31, 1993) 164,754 local loops and received \$31,606,515 in universal service fund support annually, for an average of \$191.84 annual support per loop. This
(continued...)

Removal of cost support at the levels provided by DEM weighting and the universal service fund would be devastating. The Joint Board and Commission cannot expect telephone subscribership levels -- which are not at acceptable levels now in all areas of Alaska or the rest of the United States -- even to remain at current levels if local telephone rates were to increase in any material manner.

IV. EXISTING UNIVERSAL SERVICE SUPPORT MECHANISMS NEED NOT BE ABOLISHED

The Joint Board and Commission should be cautious about changing existing universal service support programs. These programs need not be abolished and should not be replaced until it is clear that alternative support programs will satisfy Congressional policy objectives, including affordable telephone service rates.

The Notice of Proposed Rulemaking suggests that the Commission must abolish any existing universal service mechanism that is not "explicit" to consumers. See Notice of Proposed Rulemaking at ¶ 64 ("Consistent with the Act's requirement that support mechanisms be explicit, [we] propose to amend our rules to remove the Link Up provisions from our separations rules."). Abolition of existing universal support mechanisms that are implemented through the Commission's cost allocation (separations) rules, including the universal service fund and DEM weighting, however, is not required.

^{8/}(...continued)

amounts to almost \$16 per loop per month. The support runs as high as \$1338 per loop annually for Summit Tel & Tel.

Nothing in the Telecommunications Act itself requires abolition of separations-based universal support mechanisms. Section 254(b)(5) states, as a guiding principle, that "There should be specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service." Other provisions require that all telecommunications providers contribute to universal service. 47 U.S.C. § 254(d). These provisions do not require that all universal support mechanisms be "explicit". Moreover, section 254(k) of the Act provides the Commission (and the States) "shall establish any necessary cost allocation rules" to ensure that universal services bear no more than a reasonable share of joint and common costs. This section provides authority for separations-based universal service support mechanisms.

The legislative history of the Act indicates that Congress did not intend to require abolition of existing universal support mechanisms. The Senate bill, which was the basis for the universal service sections of the Telecommunications Act, was clear on this point. Section 103(d) provided "Nothing in the amendments made by this Act to the Communications Act of 1934 shall affect the Commission's separations rules for local exchange carriers or interexchange carriers in effect on the date of enactment of this Act." 141 Cong. Rec. S 8570, S 8575 (daily ed. June 16, 1995). There is nothing in the Telecommunications Act itself, the Joint

Explanatory Statement of the Committee of Conference, or the House Bill to the contrary.^{9/}

The State recognizes that the Joint Explanatory Statement of the Committee of Conference states that "To the extent possible, the conferees intend that any support mechanism continued or created under the new section 254 should be explicit, rather than implicit as many support mechanisms are today." (Emphasis added.) This statement, however, reflects the understanding of the conferees that it may not be possible or appropriate to abolish all implicit support mechanisms. This language originated in the Senate Report on S. 652. S. Rep. No. 104-23, *supra*, at 25. That language was preceded by the following statement: "The language of the bill does not presume that any particular existing mechanism for universal service support must be maintained or discontinued" This statement makes it clear that existing separations-based universal service support mechanisms need not be abolished.

^{9/} As Senator Dorgan stated:

"The lack of universal opportunity and universal services is very troublesome. That is why we have a universal service fund. This conference report protects that and does so in a meaningful way."

142 Cong. Rec. S 690 (daily ed. Feb. 1, 1996) (statement of Sen. Dorgan).

Sen. Dominici added:

"This legislation explicitly preserves the universal service fund which subsidizes telephone services to rural areas."

Id. at S 703 (statement of Sen. Dominici).

**V. **ADDITIONAL SERVICES SHOULD BE ADDED
TO THE BASKET OF UNIVERSAL SERVICES
FOR RURAL, INSULAR AND HIGH-COST AREAS****

The State agrees with the Commission that the services set forth in paragraph 16 of the Notice should be among the core services receiving universal service support in rural, insular and high cost areas. Those services are: (1) voice grade access to the public switched network, with the ability to place and receive calls; (2) touch-tone; (3) single party service; (4) access to emergency services (911); and (5) access to operator services. With respect to the first listed service, access must be provided to both the local exchange network and an interexchange network, so that both local and interexchange calls may be placed and received.

This list, however, is not complete. Congress again was clear that more was contemplated. Section 254(b)(2) provides that "Access to advanced telecommunications and information services should be provided in all regions of the Nation." Section 254(b)(3) states that "Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas." Section 706 of the Telecommunications Act requires the Commission to encourage the deployment of advanced telecommunications capability, which it defines as "high-speed, switched, broadband

telecommunications capability that enables users to originate and receive high-quality voice, data, graphics, and video telecommunications." Given the universal service policy objective of providing residents of rural areas the same access to advanced telecommunications services available to residents in urban areas, the Joint Board and Commission should implement as quickly as possible this definition of advanced telecommunications capability as it defines universal service.

The five services the Commission proposed be supported do not fully implement the statutory principles. The Joint Board and Commission should take steps to include services that are essential to economic development in the basket of services to be supported. This would include, at a minimum, data transmission and Internet access capabilities which are critical to socioeconomic development in rural areas.^{10/} Additional services to achieve advanced telecommunications capability are essential to schools, libraries and health care providers and should be supported.

Universal services cannot be affordable if they are not available. Congress has, after all, said that universal services should be available to all Americans, including those living in rural, insular, and high cost areas. Thus, universal service support must be provided to upgrade facilities where existing facilities are not adequate to provide universal services. Otherwise, universal services would

^{10/} For example, local dialing access to the Internet and line quality capable of local and interexchange facsimile transmission and data transmission at 28.8 kbps using a modem should be considered universal services.

not be universally available, and indeed, would not be available where they are most needed.^{11/}

One of the fundamental aspects of the universal service provisions of the Telecommunications Act is that rural America should not be left behind as we enter the 21st century. As Senator Stevens, one of the principal drafters of the universal service provisions of the Telecommunications Act, stated:

Now, what we have assured here, as this program goes forward, is that universal service will be available to rural areas. It will be a state-of-the-art telecommunications system. It will mean that the small schools in rural America will have access to modern technology, and can participate through telecommunications. It means that telemedicine will now come to my State.

. . . .

[U]niversal service, eligible telecommunications carriers, and rate integration, opens the whole horizon of telecommunications to the people of this country, and it does so on a fair basis. . . . They mean that rural America will come into the 21st century with everyone else as far as telecommunications is concerned.

142 Cong. Rec. S 692 (daily ed. Feb. 1, 1996) (statement of Sen. Stevens).^{12/}

^{11/} See Comments of the Alaska Public Utilities Commission being filed in this docket for additional information on this point.

^{12/} These comments were echoed by others, including Senators Pressler and Stowe:

"For the small business located in a smaller town, it will mean that a small businessman there will be on an equal footing with the bigger businessman in an urban center in terms of research and the ability to partner."

(continued...)

As Congress has recognized, if rural areas of the Nation are to develop economically in the 21st century, those areas must have access to modern telecommunications.^{12/} Increasingly, commerce and jobs of all kinds require access to modern telecommunications. Telecommunications knock down the social and economic barriers that great distances otherwise erect between Americans living in rural areas and those in urban areas; this is particularly important in the non-contiguous areas of the Nation. The Joint Board and Commission must, therefore, include in the basket of core services to be supported in rural, insular, and high cost areas, certain data transmission services and Internet access services that will permit these areas to pursue economic development activities that will keep them from falling behind so that all Americans can enter the 21st century together.

^{12/}(...continued)

142 Cong. Rec. S 687 (daily ed. Feb. 1, 1996) (statement of Sen. Pressler).

"Everyone in our country must be able to engage in commerce using the tools and technologies necessary to interact with buyers and sellers"

Id. at S 708 (statement of Sen. Stowe).

^{13/} See statement of Minority Leader Daschle at n.2, above.

**VI. LOW INCOME SUPPORT STANDARDS SHOULD
BE ESTABLISHED AT THE STATE LEVEL**

As the Commission's Notice recognizes (at paragraphs 61 and 64), current universal service support programs aimed at low income consumers are implemented by the States and eligibility for those programs is determined by standards developed by each State. Low income support standards should continue to be established at the State level. Both income levels and the cost of living vary from State to State. No single, nation-wide means test can be fair or provide appropriate support to all Americans.

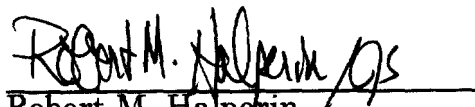
VII. CONCLUSION

The Telecommunications Act creates an opportunity for Americans in rural, insular, and high cost areas to join the rest of the Nation in the Information Age. The Joint Board and Commission should implement the universal service provisions of the Telecommunications Act in a manner that will assure that universal telecommunications services are available at just, reasonable, and affordable rates for all Americans, including those who reside in rural, insular, and high cost areas. Steps that would increase telephone service rates in these

areas would be antithetical to the Telecommunications Act, the intent of Congress,
and sound public policy.

Respectfully submitted,

THE STATE OF ALASKA

A handwritten signature in dark ink, appearing to read "Robert M. Halperin", is written over a horizontal line.

Robert M. Halperin
CROWELL & MORING
1001 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
202/624-2543

Attorneys for the State of Alaska

Of Counsel:

John W. Katz, Esquire
Special Counsel to the Governor
Director, State-Federal Relations
Office of the State of Alaska
Suite 336
444 North Capitol Street, N.W.
Washington, D.C. 20001

April 12, 1996

APPENDIX

SENATE FLOOR STATEMENTS ON CONFERENCE COMMITTEE BILL REGARDING UNIVERSAL SERVICE^{1/}

Mr. Pressler:

For the small town hospital, it will mean telemedicine, new devices and investment, where a large hospital can partner with a small hospital in research.

For the small business located in a smaller town, it will mean that a small businessman there will be on an equal footing with a bigger businessman in an urban center in terms of access to research and the ability to partner.

. . . .

Another area that it will help our country is jobs. This is the biggest jobs bill ever to pass this Congress. It will result in a creation of thousands of jobs, good jobs, good-paying jobs across our country. 142 Cong. Rec. S 687.

Mr. Hollings:

The need to protect and advance universal service is one of the fundamental concerns of the conferees in drafting this conference agreement. Universal service must be guaranteed; the world's best telephone system must continue to grow and develop, and we must attempt to ensure the widest availability of telephone service.

The conference agreement retains the provision in the Senate bill that requires all telecommunications carriers to contribute to universal service. A Federal-State joint board will define universal service, and this definition will evolve over time as technologies change so that consumers have access to the best possible services. Special provisions in the legislation address universal service in rural areas to guarantee that harm to universal service is avoided there. *Id.*, at S 688.

^{1/}

Source: 142 Cong. Rec. S 687-718 (daily ed. Feb. 1, 1996).

Mr. Dorgan:

The conference report contains a bulk of the key rural provisions that are designed to protect rural areas. One provision will maintain the universal service system which ensures that rural and high cost areas will continue to receive affordable phone services. This issue is of enormous importance to those of us from small States.

We have always felt that way about telephone service. A telephone in the smallest city in North Dakota or the smallest town in North Dakota is as important as a telephone in lower Manhattan in New York because one makes the other more valuable. The lack of universal opportunity and universal communications services is very troublesome. That is why we have a universal service fund. This conference report protects that and does so in a meaningful way. *Id.*, at S 690.

Mr. Stevens:

We have worked many years now to bring us to this day, where we could literally say that we are ready now to take the telecommunications industry of the United States into the 21st century.

In doing so, we have been careful to recognize that there are places in the country that have not been totally served by the existing telephone and information communications system. This bill has extensive universal service concepts. It has specific provisions regarding telecommunications services for health care providers, education providers, education and secondary schools.

. . . .

I come from a State, Mr. President, one-fifth the size of the United States. It is rural in nature. We have a small population. We have people in our State who are just now getting telephone service as known to the rest of the country for the whole century, almost. Now, what we have assured here, as this program goes forward, is that universal service will be available to rural areas. It will be the state-of-the-art telecommunications system. It means that telemedicine will now come to my State.

My State, when I first came here, had no assistance whatever for people in small villages. They had to find their way to Indian hospitals in regional areas. We created a system of clinics. Those clinics are, by and large, operated by young women from the villages who have a high school education and some technical training now. This bill means

telecommunications will bring telemedicine in. They will be able to have a direct exposure of patients to doctors miles and miles away. They will be able to get assistance in dealing with mothers who have complications in pregnancies.

This bill, above all the things I have dealt with - in particular universal service, eligible telecommunications carriers, and rate integration, opens the whole horizon of telecommunications to the people of this country, and it does so on a fair basis. It has been criticized by some, but the universal service provisions that I mentioned when I first started my comments here, I think are the most important to me. They mean that rural America will come into the 21st century with everyone else as far as telecommunications is concerned. *Id.*, at S 691-92.

Mr. Burns:

The report also protects the continuation of universal service, an essential feature, especially for rural areas where competition will be slow to evolve. *Id.*, at S 700.

Mr. Wellstone:

This bill also represents so much for our country. I can imagine workers in rural Minnesota telecommuting to and from work as far away as New York or Washington without ever having to leave their homes or families. As a teacher the possibilities really excite me -- schoolchildren in Minneapolis reading the latest publications at the Library of Congress via thin glowing fiber cables or rural health care providers on the iron range consulting with the top medical researchers at the Mayo Clinic in Rochester to better treat their patients. All of this is before us.

. . . .

The conferees maintained some very important Senate provisions, including language to keep telecommunication rates low for schools and hospitals. This will help to ensure that our communication technologies are affordable for future generations. I was proud to support this provision when opponents tried to strip this provision in the Senate. *Id.*, at S 700.

Mr. Domenici:

The Telecommunications Competition and Deregulation Act of 1996 will provide consumers with more choices and lower prices in long distance phone service and television programming. And it will do so in a way that

protects rural customers: This legislation explicitly preserves the universal service fund which subsidizes telephone services to rural areas. *Id.*, at S 703.

Ms. Snowe:

Mr. President, this conference report will bring unprecedented competition and development to the telecommunications industry. And while competition can bring an array of improved services at a lower cost, we must ensure that competition ultimately achieves that goal for all Americans, in both urban and rural areas.

I am, therefore, particularly pleased that the conference report before us recognizes that strong universal service provisions are a necessary and important part of telecommunications reform.

Residents of rural areas should bear no more cost for essential telecommunications services than residents of densely populated areas. Just as extending basic telephone service and electrification to rural areas rose to the top of our national agenda in the 1930's and 1940's, so telecommunications must be a top priority today. No American citizen should be left out of the communications revolution.

Indeed, the concept of universal service was established in the 1934 Communication Act, to establish widely available basic telephone service at reasonable rates. The rationale for this policy is that telephone service is essential to link Americans together, so that all Americans can communicate with each other on approximately equal footing. It was an important economic development tool, as well.

Everyone in our country must be able to engage in commerce using the tools and technologies necessary to interact with buyers and sellers, and be able to be informed and to inform others of emergency situations and to access emergency services.

. . . .

Unfortunately, there is a widening gap between the high expectations of an increasingly technologically driven society and the inability of most schools -- particularly rural schools -- to prepare students adequately for the high-technology future. Almost 90 percent of kindergarten through 12th grade classrooms lack even basic access to telephone service.

Telecommunications can help us provide a world class education to children across America. If we want young people to actively use the technology of the future so it becomes second nature to them, then we must ensure that schools are part of the national information infrastructure.

. . . .

Rural schools and libraries usually pay more for access to information services than schools and libraries in urban areas because the information service providers do not have access points in local calling regions, meaning that rural schools and libraries must make a long distance telephone call to access the Internet and other information services. It is imperative that access the information superhighway be affordable, because America's schools and public libraries operate on very slim, inflexible budgets.

. . . .

Mr. President, I believe that the Snowe-Rockefeller provision is fundamentally important to assuring that we do not end up with a two tiered telecommunications system in America.

The Snowe-Rockefeller provision is fundamental to assuring that all areas in America have access to the essential telecommunications services of the future. And it is fundamental to ensuring that this legislation provides a solid foundation for the future. *Id.*, at S 708-09

Mr. Daschle:

While the legislation focuses on competition and deregulation, the conference report contains essential rural safeguards in the form of universal service provisions that will benefit our rural communities and greatly increase their ability to preserve in the 21st century.

There is little doubt that our urban areas can and will sustain the enormous expansion of telecommunications services in the years ahead. We must make certain that our rural areas are not left behind as services expand and new products come on line. In the long run, universal service at high standards nationwide is in the best interests of the entire economy.

I believe that telecommunications reform is essential in preserving the economic vitality of rural America and am optimistic that the affordable accessibility to these new telecommunications services will be the harbinger for a new renaissance among the main street economies in communities throughout rural America.